

FORT DETRICK COGENERATION EUL - Questions and Answers

In addition to transcript of Questions and Answers exchanged at the Industry Forum which are posted the project website,

(<http://eul.army.mil/detrick/IndustryForum/Q&Atranscript.pdf>),

the following were received via email. They have been grouped as questions received before or after the Industry Forum.

QUESTIONS RECEIVED PRIOR TO INDUSTRY FORUM

1. Can the Army provide at least some details to help determine the approximate size of the planned cogeneration plant? Approximate volumes of chilled water use, approximate volumes of steam use, and approximate amounts of generated power purchases by either current users or future users, or current Army power purchase contracts related to the Fort Detrick community of tenants would be items that could help formulated opinions.

Answer: Fort Detrick has provided information on its EUL website quantifying its power usage history. However, no assurance is given that the installation will become a customer of the proposed plant for those energy needs.

2. Can the Army provide information on whether or not any permitting, or initiatory steps for qualification, of air, water or emissions has been initiated by the Army or it's Advisors?

Answer: None has been initiated.

3. Have any preliminary environmental impact qualifications of the site selected been initiated?

Answer: An Environmental Baseline Survey of the proposed Bio-Defense Campus is posted at the project website, <http://eul.army.mil/detrick/documents.htm>

4. During development, will any additional land be available for lease or use to support construction staging or service functions?

Answer: Modest increases in land available for the project will be considered.

5. Can the Army qualify what the current approximate costs for power are for Fort Detrick tenants in terms of cents per kilowatt-hour and/or volumes of power consumed in the last few years or present?

Answer: Please reference the documents posted to the project website.

6. Can the Army indicate if local natural gas lines are anywhere near the intended site or how far away supply lines may be located?

Answer: A six inch high pressure gas line is located near the intended site.

7. Can the Army indicate if anyone has studied local sources of cooling water make-up or how far away the possible sources may be?

Answer: Installation water is supplied from a treatment plant in Area C, near the Monocacy Creek. No study of capacity relative to the proposed plant has been completed.

8. If gas turbines are applied, has the Army considered whether or not dual fuel machines are advisable, i.e. natural gas and distillate oil?

Answer: The Army has not evaluated a dual fuels scenario but would entertain such a proposal.

9. Is it a safe assumption that a coal fired plant, or nuclear plant, is not contemplated by the Army for this development?

Answer: Based on the 10 acres of land offered for lease to construct this project, it would be safe to assume nuclear and coal are not feasible.

10. Which utility controls the power grid in the Fort Detrick area involved?

Answer: Allegheny Power.

11. A gas fired power plant takes approximately two years to develop, once the permitting process is complete. Does the Army have a tentative date for completion of the Fort Detrick Cogeneration Plant?

Answer: The Army will work with the selected developer to bring the plant on line as soon as practically feasible.

12. If sizing and other factors are acceptable, is the Army interested in cost savings that may be available in the application of secondary market power generation equipment that has never run but is currently for sale with OEM warranties?

Answer: Construction of the plant and operating expenses are addressed during the Business and Lease plan phase once a developer is selected. However, if the Army is purchasing energy from the plant, it would make sense that any cost savings would be passed onto the installation and would be favorably received.

13. Can the Army provide at least some minimal data on power purchase commitments expected or anticipated at the commencement of the initial cogeneration power plant operation or what might be referred to as the Commercial Operation Date?

Answer: See the answer to question one above.

QUESTIONS RECEIVED AFTER THE INDUSTRY FORUM

Questioner A.

Under Historical Installation Utility Data

1. What is included in the "Steam Operating Cost"?

Answer:

Steam operating costs include the cost to operate the boiler plant to include labor, fuel, and other supplies.

2. What is included in the "Steam Maintenance Cost"?

Answer:

Steam maintenance costs include maintenance of the boiler plant and the steam distribution system to include labor, supplies, and contracts.

3. What is included in the "Electric Operating Cost"?

Answer: Electric bills.

4. What is included in the "Electric Maintenance Cost"?

Answer: Electric maintenance costs include the cost to maintain the electrical system to include labor, supplies and contracts.

5. Does the "Maintenance Cost" include labor, material and/or subcontractor costs?

Answer: Yes

6. What is the electric tariff (distribution and commodity) that applies to Ft. Detrick

Answer: I think they should be able to get that information from what has been provided, electric cost and kwhr. They can divide the cost by the kwhr and get an average cost /kwhr which will include all costs, demand, commodity, distribution.

7. What is the gas tariff (distribution and commodity) that applies to Ft. Detrick

Answer: Please look for this data to be posted to the project website soon.

8. Copy of actual bills (electric) for a few recent months

Answer: The operating cost for the electric is the electric bill for the last four years. Reference the expense history documents on the project website.

9. Copy of actual bills (gas) for a few recent months

Answer: The operating cost for the gas is the gas bill for the last four years. Reference the expense history documents on the project website.

Questioner B.

1. The Installation consists of three non-contiguous areas know as areas "A", "B" and "C". It appears that the 502 Acre EUL site is part of area "A". We need to know where the electrical and steam interconnection points would be. If the electrical interconnection is not in area "A" that would create issues regarding running electrical lines through public land. Is there a map that might be able to answer this question?

Answer: Please reference the [Cogeneration Plant and Utilities Schematic](#) on the project website. The electrical connection is located nearby in Area A

2. Sale of Energy inside the Installation only. RFP Section 1.5.1 para 3 says "the project is not dependent upon the sale of energy to Fort Detrick or its tenants." Will the Army consider a proposal in which the Developer plans to serve only Fort Detrick loads, and not solicit off-post commercial customers, or sales to the PJM grid?

Answer: No

3. Energy Purchase Agreement with Fort Detrick. If the answer to #2 is Yes, the Developer would want to enter into a long-term Energy Purchase Agreement with Ft Detrick that takes into account an in-kind credit for the value of the lease. What are the criteria by which the Army will evaluate whether or not to enter such an Agreement?

Answer: N/A

4. Electric and steam load profile. Please provide monthly actual electric and steam consumption (kWh/month and Mlbs/month), peak demand (kW, and Mlbs/hr each month) and monthly cost for the Installation.

Answer: Please reference the four documents available on the project website; [Fort Detrick Utilities - Electrical Consumption](#), [Fort Detrick Utilities - Electrical Demand](#), [Fort Detrick Utilities - General Data](#), [Fort Detrick Utilities - Steam Consumption](#)

5. Has the Army completed any analysis to determine the fair market value of the proposed 10 +/- acre EUL site, and if so, can you share that with us?

Answer: No

6. Section 1.6.4 of the RFP states that "the applicant's financial return expectations will be considered" in the evaluation criteria. Please elaborate on what kind of information you are expecting the applicants to provide regarding our financial return expectations.

Answer: Most commercial enterprises have an anticipated rate of return associated with a project. Likewise, each capital source will require a market rate. You may want to describe your capital sources and the various return expectations along with a blended project rate.

7. Also, can you tell us how you will judge this information? Would high financial return expectations be judged unfavorably or favorably?

Answer: Financial information is one of eight sections in the NOL. Each section response is weighted in scoring a proposal.

Questioner C:

1. On page 13 of the NOL, Section 3.9.1, the eighth bullet beginning with “if your firm is a corporation...” lists several pieces of information to be provided. The fourth (4th) requirement asks for a “summary of corporate activity”. Please explain what you are looking for in that requirement. We want to make certain that we understand what the Army is asking for and provide you the correct data

Answer: Often, a new legal entity will be created for a specific project development. The question at hand is whether the legal entity proposed within your response has a history of projects in and of itself, separate from the experiences of the component organizations.